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TOWN OF WASHINGTON, LOUISIANA  
FINANCIAL REPORT  
JUNE 30, 2007

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Release Date 1/30/08

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Board of  
Aldermen/Alderwomen  
Town of Washington  
Washington, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Washington, Louisiana, as of and for the year ended June 30, 2007 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Washington, Louisiana, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007, on our consideration of the Town of Washington's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 32 through 35 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Washington has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Washington, Louisiana's basic financial statements. The other supplementary information on pages 36 through 45 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Vige, Tujague & Noël*

Vige, Tujague, & Noël

December 21, 2007

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS



TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>COMPONENT UNIT</u>
<u>ASSETS</u>				
Cash	\$769,078	\$569,729	\$1,338,807	\$4,080
Accounts receivable, net	37,743	33,693	71,436	-
Unbilled service receivable	-	20,259	20,259	-
Inventory, at cost	-	2,144	2,144	-
Due from restricted assets	-	16,261	16,261	-
Restricted assets	-	-	-	-
Cash	-	75,405	75,405	-
Construction-in-progress	71,062	-	71,062	-
Bond issue costs	-	1,434	1,434	-
Capital assets, net of depreciation	<u>658,523</u>	<u>1,258,373</u>	<u>1,916,896</u>	<u>3,180</u>
<u>Total assets</u>	<u>1,536,406</u>	<u>1,977,298</u>	<u>3,513,704</u>	<u>7,260</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts payable and accrued expense	69,335	15,367	84,702	940
Compensated absences payable	8,832	2,259	11,091	-
Long-term liabilities				
Bond payable within one year	-	20,528	20,528	-
Bond payable in more than one year	-	69,489	69,489	-
Liabilities payable from restricted assets	-	-	-	-
Customer deposits	-	59,144	59,144	-
Due to unrestricted assets	-	<u>16,261</u>	<u>16,261</u>	-
<u>Total liabilities</u>	<u>78,167</u>	<u>183,048</u>	<u>261,215</u>	<u>940</u>
<u>NET ASSETS</u>				
Invested in capital assets	658,523	1,168,356	1,826,879	3,180
Restricted for -				
Sales tax dedications	69,180	-	69,180	-
Unrestricted	<u>730,536</u>	<u>625,894</u>	<u>1,356,430</u>	<u>3,140</u>
<u>Total net assets</u>	<u>\$1,458,239</u>	<u>\$1,794,250</u>	<u>\$3,252,489</u>	<u>\$6,320</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAM	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENT UNIT
Primary government:							
Governmental Activities							
General government		\$ 21,041	\$ -	\$ -	\$(478,471)	\$ -	\$ -
Public safety	\$(499,512)	1,131,685	-	-	588,981	-	588,981
Public works	(\$42,704)	-	-	9,875	(244,842)	-	(244,842)
Culture and recreation	(254,717)	-	-	-	(98,914)	-	(98,914)
Total governmental activities	(98,914)	-	-	-	-	-	-
		1,152,726	-	9,875	(233,246)	-	(233,246)
Business-type Activities							
Water	(139,316)	91,812	-	-	-	(47,504)	(47,504)
Sewer	(135,746)	36,365	-	-	-	(99,381)	(99,381)
Gas	(336,464)	475,609	-	-	-	139,145	139,145
Total business-type activities	(611,526)	603,786	-	-	-	(7,740)	(7,740)
Total primary government	\$(2,007,373)	\$1,756,512	\$ -	\$9,875	(233,246)	(7,740)	(240,986)
Component unit - Museum and Tourist Center	\$(22,768)	\$ -	\$19,975	\$ -	-	-	(2,793)
General Revenues							
Taxes							
Property					26,697	-	26,697
Sales and use					108,378	-	108,378
Franchise					49,776	-	49,776
Intergovernmental					113,136	-	113,136
License and permits					42,211	-	42,211
Miscellaneous					99,815	-	99,815
Interest earnings					6,152	3,660	103,475
Gain on sale of capital assets					433	15,734	21,886
Transfers					143,807	(143,807)	433
Total general revenues					590,405	(124,413)	465,992

Continued on next page.  
The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF ACTIVITIES - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAM	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	COMPONENT TOTAL UNIT
<u>Change in net assets</u>				\$ 357,159	\$ (132,153)	\$ 225,006
Net assets -- beginning of year				1,105,124	1,926,515	3,031,639
Prior period adjustment				(4,044)	(112)	(4,156)
Net assets -- end of year				<u>\$1,458,239</u>	<u>\$1,794,250</u>	<u>\$3,252,489</u>
						<u>\$6,320</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF WASHINGTON, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<u>Major Funds</u>				<u>Total</u>
	<u>General</u>	<u>Sales</u> <u>Tax</u>	<u>Library</u>	<u>Non-Major Funds</u>	<u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>					
Cash	\$648,482	\$56,577	\$43,927	\$20,092	\$769,078
Taxes receivable, net	-	12,603	-	-	12,603
Other receivables	<u>25,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,140</u>
<u>Total assets</u>	<u>\$673,622</u>	<u>\$69,180</u>	<u>\$43,927</u>	<u>\$20,092</u>	<u>\$806,821</u>
<u>LIABILITIES AND FUND</u> <u>BALANCES</u>					
<u>LIABILITIES</u>					
Accounts payable	\$ 60,045	\$ -	\$ 9,281	\$ 9	\$ 69,335
<u>Total liabilities</u>	<u>60,045</u>	<u>-</u>	<u>9,281</u>	<u>9</u>	<u>69,335</u>
<u>FUND BALANCES</u>					
Unreserved and undesignated	613,577	69,180	34,646	20,083	737,486
	<u>613,577</u>	<u>69,180</u>	<u>34,646</u>	<u>20,083</u>	<u>737,486</u>
<u>Total liabilities and</u> <u>fund balances</u>	<u>\$673,622</u>	<u>\$69,180</u>	<u>\$43,927</u>	<u>\$20,092</u>	<u>\$806,821</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007

Total fund balances - governmental funds	\$737,486
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Total net assets reported for governmental activities  
in the statement of net assets is different because:

Capital assets used in governmental activities are  
not financial resources and are therefore not  
reported in the funds.

Capital assets, net	658,523
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Construction-in-progress	71,062
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Liabilities at June 30, 2007

Compensated absences payable	<u>(8,832)</u>
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<u>Net assets of governmental activities</u>	<u>\$1,458,239</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Major Funds</u>				<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u>	<u>Sales</u> <u>Tax</u>	<u>Library</u>	<u>Non-Major Funds</u>	
<u>REVENUES</u>					
Taxes	\$ 76,473	\$108,378	\$ -	\$ -	\$ 184,851
Licenses and permits	42,211	-	-	-	42,211
Intergovernmental	53,047	-	9,215	60,749	123,011
Charges for services	9,566	-	-	11,475	21,041
Fines and forfeitures	1,131,685	-	-	-	1,131,685
Interest income	5,754	398	-	-	6,152
Miscellaneous	15,055	-	84,760	-	99,815
Total revenues	<u>1,333,791</u>	<u>108,776</u>	<u>93,975</u>	<u>72,224</u>	<u>1,608,766</u>
<u>EXPENDITURES</u>					
Current					
General government	351,978	1,085	96,851	879	450,793
Public safety	536,771	-	-	-	536,771
Public works	244,971	-	-	-	244,971
Culture and recreation	35,371	-	52,235	-	87,606
Capital outlay	162,179	-	17,363	71,062	250,604
Total expenditures	<u>1,331,270</u>	<u>1,085</u>	<u>166,449</u>	<u>71,941</u>	<u>1,570,745</u>
<u>EXCESS (DEFICIENCY) OF</u> <u>REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	<u>2,521</u>	<u>107,691</u>	<u>(72,474)</u>	<u>283</u>	<u>38,021</u>
<u>OTHER FINANCING</u> <u>SOURCES (USES)</u>					
Proceeds from sale of capital assets	600	-	-	-	600
Operating transfers in	197,927	-	75,908	10,533	284,368
Operating transfers out	(20,561)	(120,000)	-	-	(140,561)
Operating transfers out - component unit	(5,600)	-	-	-	(5,600)
Total other financing sources (uses)	<u>172,366</u>	<u>(120,000)</u>	<u>75,908</u>	<u>10,533</u>	<u>138,807</u>
<u>NET CHANGE IN</u> <u>FUND BALANCES</u>	<u>174,887</u>	<u>(12,309)</u>	<u>3,434</u>	<u>10,816</u>	<u>176,828</u>
<u>FUND BALANCES,</u> beginning of year	<u>438,690</u>	<u>81,489</u>	<u>31,212</u>	<u>9,267</u>	<u>560,658</u>
<u>FUND BALANCES, end of</u> year	<u>\$ 613,577</u>	<u>\$ 69,180</u>	<u>\$ 34,646</u>	<u>\$ 20,083</u>	<u>\$ 737,486</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds		\$176,828
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$250,604	
Depreciation expense	<u>(65,318)</u>	185,286
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, and donating, is to decrease net assets.		(167)
Increase in compensated absences payable		<u>(4,788)</u>
<u>Total change in net assets of governmental activities</u>		<u>\$357,159</u>

The accompanying notes are an integral part of the basic financial statements.



TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND  
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 569,729
Accounts receivable, net of allowance for uncollectible accounts of \$6,630	33,693
Unbilled service receivable	20,259
Bond issue costs	1,434
Inventory, at cost	2,144
Due from restricted assets	16,261
<u>Total current assets</u>	<u>643,520</u>

RESTRICTED ASSETS

Cash	75,405
<u>Total restricted assets</u>	<u>75,405</u>

CAPITAL ASSETS

Land	123,197
Buildings, net	29,495
Equipment, net	9,796
Utility plant in service, net	1,095,885
<u>Total capital assets</u>	<u>1,258,373</u>

<u>Total assets</u>	<u>1,977,298</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payable from current assets:	
Accounts payable	15,367
Bond payable, current portion	20,528
Compensated absences payable	2,259
Payable from restricted assets:	
Customer deposits	59,144
Due to unrestricted assets	16,261
	<u>113,559</u>

LONG-TERM LIABILITIES

Bond payable	69,489
<u>Total liabilities</u>	<u>183,048</u>

NET ASSETS

Invested in capital assets	1,168,356
Unrestricted	625,894
<u>Total net assets</u>	<u>\$1,794,250</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2007

Operating Revenues	
Charges for services	\$ 603,786
Miscellaneous	<u>3,660</u>
<u>Total operating revenues</u>	<u>607,446</u>
Operating expenses	
Salaries and wages	62,530
Compensated absences payable	2,147
Payroll taxes	4,052
Professional services	17,587
Fuel purchased	205,271
Office expenses	2,039
Supplies	34,434
Utilities	16,142
Telephone	7,614
General insurance	25,290
Repairs and maintenance	31,434
Depreciation expense	147,664
Amortization expense	358
Automobile expenses	6,628
Survey and analysis	5,734
Drug testing	4,764
Retirement	5,988
Uniforms	2,022
Outside services	7,000
Miscellaneous	<u>5,903</u>
<u>Total operating expenses</u>	<u>594,601</u>
<u>Operating income</u>	<u>12,845</u>
Non-operating revenues (expenses):	
Interest income	15,734
Interest expense	<u>(2,550)</u>
	<u>13,184</u>
<u>Income before transfers</u>	<u>26,029</u>
Operating transfers in (out):	
Transfers in	45,000
Transfers out	(188,807)
Transfers to component unit	<u>(14,375)</u>
<u>Total operating transfers in (out)</u>	<u>(158,182)</u>
Change in net assets	(132,153)
<u>NET ASSETS, beginning of year</u>	<u>1,926,515</u>
Prior period adjustment	<u>(112)</u>
<u>NET ASSETS, end of year</u>	<u>\$1,794,250</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WASHINGTON, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 615,787
Payments to suppliers for goods and services	(344,855)
Payments to employees and for employee related costs	(62,530)
<u>Net cash provided by operating activities</u>	<u>208,402</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers from other funds	45,000
Transfers to other funds	(203,182)
<u>Net cash used in noncapital financing activities</u>	<u>(158,182)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of fixed assets	(94,043)
Principal paid on revenue bonds	(9,983)
Interest on revenue bonds paid	(2,550)
Payment for debt issue costs	(1,792)
Proceeds from revenue bonds	100,000
<u>Net cash used in capital and related financing activities</u>	<u>(8,368)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	15,734
Net increase in cash	57,586
<u>CASH, beginning of year</u>	<u>587,548</u>

<u>CASH, end of year</u>	<u>\$645,134</u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 12,845
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	147,664
Changes in assets and liabilities –	
Amortization of bond issue costs	358
Decrease in receivables	11,675
Decrease in inventory	30,112
Increase in accounts payable and accrued expenses	6,935
Increase in compensated absences payable	2,147
Decrease in customers' meter deposits	(3,334)

<u>Net cash provided by operating activities</u>	<u>\$208,402</u>
--	------------------

CASH REPORTED ON STATEMENT OF NET ASSETS AS:

Current	\$569,729
Restricted	75,405
	<u>\$645,134</u>

The accompanying notes are an integral part of the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Washington, Louisiana, (the "Town") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements for both the government-wide and proprietary fund financial statements. Although the Town has the option to apply FASB pronouncements issued after that date, they have chosen not to do so. The more significant accounting policies of the Town are described below.

Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services to the residents of the Town as authorized by its charter: public safety and public works (police, highways and streets, fire), water, gas and sewer, culture and recreation, public improvements, planning and zoning, and general administrative services.

Component units

GASB Statement No. 14, "The Financial Reporting Entity," establishes criteria for determining which entities should be considered a component and, as such, part of the reporting entity for financial reporting purposes.

The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Board of Aldermen or Mayor) appoint a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on this criteria, the Town includes the Washington Museum and Tourist Commission in the financial reporting entity. The Commission was created by the Louisiana Legislature to maintain the Museum and displays contained in the Museum, develop and foster tourism in the Town, develop and foster an interest in historic preservation, and all other items which are necessary for the conservation, preservation, and restoration of the historic and cultural resources in the Town. The Mayor of the Town appoints all nine members of the Commission.

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements (individual major fund and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Assets and Statement of Activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business type activities are finance in whole or in part by fees charged to external parties.

In the Statement of Net Assets both the governmental and business-type activities columns (1) are presented on a consolidated basis by column, and (2) are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.). The Town does not allocate indirect costs.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements – Continued

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Fund Financial Statements

The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major individual governmental funds, each reported in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sales Tax Fund – This fund accounts for the receipts and disbursements of proceeds from the Town's 1.2% sales and use tax levies. These taxes are dedicated as described in Note 5.

Library Fund – This fund accounts for the collection and disbursement of funds for the purchase, operation and maintenance of the Town's library.

The Town reports the following major Enterprise Fund:

Utility Fund – This fund accounts for the provision of gas, water and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town has two non-major funds which are reported in a column labeled "Other Governmental Funds" in the fund financial statements.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included in their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes are considered “measurable” when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.



TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting - Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of Indirect Expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and on hand. For purposes of statements of cash flows, highly liquid investments (including restricted assets) with an original maturity of three months or less are considered to be cash equivalents. The Town has no cash equivalents at June 30, 2007.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Interfund Receivables and Payables

Short-term borrowings between funds are considered temporary in nature. These amounts are reported as “due to/from other funds.” Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as “interfund receivables and payables.” Interfund receivables and payables within governmental activities are eliminated in the Statement of Net Assets.

Receivables

Accounts receivable for the Utility Fund are reported net of an allowance for doubtful accounts. The allowance amount at June 30, 2007 is \$6,630.

Restricted Assets

Certain resources of the Utility Fund are classified as restricted assets in the statement of net assets because they represent customers’ deposits being held by the Town.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund or proprietary fund operating and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are capitalized at historical cost, or estimate historical cost for fixed assets where actual historical cost is not available. Prior to July 1, 2002, the Town did not maintain a listing of its general fixed assets. In order to estimate historical costs for the buildings, the Town used insured values discounted based on the consumer price index. This method is not in accordance with generally accepted accounting principles. In addition, other capital asset categories do not include any assets purchased prior to July 1, 2002. Donated assets are recorded as capital assets at their estimated fair value as of the date received. Prior to July 1, 2003, governmental funds’ infrastructure assets were not capitalized. As provided for in GASB Statement No. 34, the Town has chosen not to retroactively report these assets. The Town of Washington maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements - Continued

	<u>Years</u>
Buildings	10 - 30
Gas system	10 - 50
Sewer system	25
Vehicles	5 - 10
Water system	10 - 40
Library books	6
Other improvements	10 - 15
Equipment	5 - 10

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation.
2. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The Town’s policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Interfund Transfers

Permanent reallocations of resources between funds of the primary government are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Impairments

The Town evaluates long-term assets to be held and used for impairment when events or changes in economic circumstances indicate the carrying value of such assets may be unrecoverable. The Town uses an estimate of the future undiscounted net cash flows to measure whether the assets are recoverable and measured for impairment by reference to fair value. Fair value is generally estimated using the Town's expectations of discounted net cash flows. Long-term assets to be disposed of are carried at the lower of cost or fair value less the costs of disposal.

Compensation Absences

Each employee earns ten days of vacation a year. Amounts not used in the year it is earned can be carried over to the next year.

Investments

Under State law, the Town may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Town may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount.

Inventories

Inventories in the proprietary fund consists of gas held for the Town's use. Inventories are recorded at cost, which approximates market, using the first-in, first-out method. The cost is recorded as an expenditure at the time inventory is consumed rather than when purchased.

NOTE (2) CASH

At year-end, the carrying amount of the Town's cash was \$1,418,292 and the bank balance was \$1,462,254. At June 30, 2007, FDIC covered \$269,033 and \$1,193,221 was covered by securities held by the pledging financial institution in the Town's name. This collateral is considered to be a Category 2 credit risk.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (3) PROPERTY TAXES

Government-wide Financial Statements

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund Financial Statements

Property taxes attach as an enforceable lien on property at January 1. Taxes are levied on September 1 and are due by December 31. The Town bills and collects its own property taxes. For the year ended June 30, 2007, ad valorem taxes of 6.75 mills were levied on assessed valuations totaling \$4,175,830 and were dedicated to general corporate purposes. Total taxes levied were \$28,189. Property taxes receivable at June 30, 2007 totaled \$0.

NOTE (4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated –				
Land	\$ 60,980	\$ 2,000	\$ -	\$ 62,980
Capital assets being depreciated –				
Buildings	135,840	142,623	-	278,463
Equipment	125,104	11,723	(2,000)	134,827
Library books	10,000	-	-	10,000
Other improvements	421,688	23,196	-	444,884
<u>Total capital assets being depreciated</u>	<u>692,632</u>	<u>177,542</u>	<u>(2,000)</u>	<u>868,174</u>
Less accumulated depreciation for –				
Buildings	(103,253)	(7,560)	-	(110,813)
Equipment	(29,928)	(26,457)	1,833	(54,552)
Library books	(6,667)	-	-	(6,667)
Other improvements	(69,298)	(31,301)	-	(100,599)
<u>Total accumulated depreciated</u>	<u>(209,146)</u>	<u>(65,318)</u>	<u>1,833</u>	<u>(272,631)</u>
<u>Total capital assets being depreciated, net</u>	<u>483,486</u>	<u>112,224</u>	<u>(167)</u>	<u>595,543</u>
<u>Governmental activities capital assets, net</u>	<u>\$544,466</u>	<u>\$114,224</u>	<u>\$(167)</u>	<u>\$658,523</u>

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (4) CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated –				
Land	\$ <u>123,197</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>123,197</u>
Capital assets being depreciated –				
Buildings	39,995	\$23,072	-	63,067
Vehicles	37,059	-	-	37,059
Gas system	363,242	-	-	363,242
Water system	1,945,970	70,971	-	2,016,941
Sewer system	1,884,773	-	-	1,884,773
Equipment	<u>106,376</u>	<u>-</u>	<u>-</u>	<u>106,376</u>
<u>Total capital assets being depreciated</u>	<u>4,377,415</u>	<u>94,043</u>	<u>-</u>	<u>4,471,458</u>
Less accumulated depreciation for –				
Buildings	(30,926)	(2,646)	-	(33,572)
Vehicles	(37,059)	-	-	(37,059)
Gas system	(198,665)	(5,869)	-	(204,534)
Water system	(1,028,688)	(74,876)	-	(1,103,564)
Sewer system	(1,798,017)	(62,956)	-	(1,860,973)
Equipment	<u>(95,263)</u>	<u>(1,317)</u>	<u>-</u>	<u>(96,580)</u>
<u>Total accumulated depreciated</u>	<u>(3,188,618)</u>	<u>(147,664)</u>	<u>-</u>	<u>(3,336,282)</u>
<u>Total capital assets being depreciated, net</u>	<u>1,188,797</u>	<u>(53,621)</u>	<u>-</u>	<u>1,135,176</u>
<u>Business-type activities capital assets, net</u>	<u>\$1,311,994</u>	<u>\$(53,621)</u>	<u>\$ -</u>	<u>\$1,258,373</u>

Depreciation expense for the year ended June 30, 2007 was charged as follows:

Governmental activities:	
General government	\$39,074
Public safety	7,169
Public works	8,574
Culture and recreation	<u>10,501</u>
	<u>\$65,318</u>

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (4) CAPITAL ASSETS – CONTINUED

Business-type activities:

Water	\$ 76,197
Sewer	64,277
Gas	<u>7,190</u>
	<u>\$147,664</u>

NOTE (5) RESTRICTED ASSETS – UTILITY FUND

Restricted assets consisted of the following at June 30, 2007:

Customer deposits	<u>\$91,666</u>
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NOTE (6) DEDICATION OF SALES TAX PROCEEDS

The proceeds of the 1.2% Town sales and use tax are accounted for in the Sales Tax Fund and are dedicated for the following purposes:

1. Sewer and sewerage disposal.
2. Construct, improve and maintain public streets, sidewalks and drainage facilities.

NOTE (7) INTERFUND BALANCES

There are no interfund balances at June 30, 2007.

NOTE (8) DEFICIT FUND EQUITY

None of the individual funds of the Town of Washington had a deficit fund balance at June 30, 2007.

NOTE (9) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007 consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$197,927	\$ 20,561
Utility	45,000	188,807
Sales tax	-	120,000
Library	75,908	-
Cemetery	185	-
LCDBG	<u>10,348</u>	<u>-</u>
	<u>\$329,368</u>	<u>\$329,368</u>

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE (9) INTERFUND TRANSFERS – CONTINUED

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE (10) CONTINGENT LIABILITIES

The Town receives grants for specific purposes that are subject to review and audit by the agencies providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

NOTE (11) COMPENSATION OF ELECTED OFFICIALS

A detail of compensation paid to individual elected officials for the year ended June 30, 2007 follows:

Joseph Pitre, Mayor	\$12,531
Aldermen:	
Gary Wilson	3,777
Wilson Doomes	3,702
Mona Wilson	4,077
Wilbert Ledet	3,777
Mark Tompkins	1,749

The Mayor also receives \$206 per month auto allowance.

NOTE (12) RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to cover any claims related to these risks.



TOWN OF WASHINGTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**NOTE (13) LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2007:

<u>Business-type Activities</u>	<u>Balance</u> <u>7/1/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/07</u>
Certificate of Indebtedness, Series 2006	<u>\$ -</u>	<u>\$100,000</u>	<u>\$9,983</u>	<u>\$90,017</u>

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,528	\$ 5162	\$ 25,690
2009	21,794	3,896	25,690
2010	23,138	2,552	25,690
2011	<u>24,557</u>	<u>1,133</u>	<u>25,690</u>
	<u>\$ 90,017</u>	<u>\$12,743</u>	<u>\$102,760</u>

A certificate of indebtedness in the original amount of \$100,000 was issued on September 29, 2006 for the purpose of purchasing generators for the utility system. The bond has an interest rate of 6%.

**NOTE (14) LEASE OBLIGATIONS**

The Town entered into a 99 year lease agreement on May 23, 2003 with Dr. Patrick Gillespie for the use of property to create and/or establish a library. The monthly rent fee is \$25.

<u>Year</u>	
2008	\$ 300
2009	300
2010	300
2011	300
2012	300
Every 5 years thereafter until 2102	1,500

The Town entered into a lease agreement on August 4, 1993, for an undetermined length of time, for the use of property for a playground or other recreational activities. The terms of the lease state that the Town must maintain the grounds and maintain a policy of public liability insurance. This lease may be terminated at any time provided that a notice of intent is given at least ten days in advance.

**NOTE (15) ECONOMIC DEPENDENCY**

Concentration of risks with respect to the town is subject to the conditions of the limited geographical area of the town.

**NOTE (16) PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made in the governmental fund and in the business-type fund in the amount of \$4,044 and \$112, respectively. This adjustment was made to record compensated absences not included in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WASHINGTON, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 79,800	\$ 80,500	\$ 76,473	\$ (4,027)
Licenses and permits	50,200	50,100	42,211	(7,889)
Intergovernmental	294,700	48,400	53,047	4,647
Charges for services	4,500	6,900	9,566	2,666
Fines and forfeits	670,000	1,000,000	1,131,685	131,685
Interest income	3,200	4,300	5,754	1,454
Miscellaneous	<u>18,050</u>	<u>7,850</u>	<u>15,055</u>	<u>7,205</u>
<u>Total revenues</u>	<u>1,120,450</u>	<u>1,198,050</u>	<u>1,333,791</u>	<u>135,741</u>
<u>EXPENDITURES</u>				
Current				
General government	346,100	400,100	351,978	48,122
Public safety	448,950	535,150	536,771	(1,621)
Public works	193,500	256,500	244,971	11,529
Culture and recreation	26,900	38,000	35,371	2,629
Capital outlay	<u>450,000</u>	<u>140,200</u>	<u>162,179</u>	<u>(21,979)</u>
<u>Total expenditures</u>	<u>1,465,450</u>	<u>1,369,950</u>	<u>1,331,270</u>	<u>38,680</u>
<u>EXCESS (DEFICIENCY) OF</u>				
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>(345,000)</u>	<u>(171,900)</u>	<u>2,521</u>	<u>174,421</u>
<u>OTHER FINANCING SOURCES</u>				
<u>(USES)</u>				
Proceeds from sale of capital assets	-	-	600	600
Transfers in	265,000	265,000	197,927	(67,073)
Transfers out	(10,000)	(10,000)	(20,561)	(10,561)
Transfer out – component unit	-	-	(5,600)	(5,600)
<u>Total other financing sources (uses)</u>	<u>255,000</u>	<u>255,000</u>	<u>172,366</u>	<u>(82,634)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(90,000)</u>	<u>83,100</u>	<u>174,887</u>	<u>91,787</u>
<u>FUND BALANCE, beginning of year</u>	<u>162,170</u>	<u>438,690</u>	<u>438,690</u>	<u>-</u>
<u>FUND BALANCE, end of year</u>	<u>\$ 72,170</u>	<u>\$ 521,790</u>	<u>\$ 613,577</u>	<u>\$ 91,787</u>

See notes to budgetary comparison schedules.

TOWN OF WASHINGTON, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Taxes				
Sales taxes	\$120,000	\$106,000	\$108,378	\$2,378
Interest	500	280	398	118
Miscellaneous	50	-	-	-
<u>Total revenues</u>	<u>120,550</u>	<u>106,280</u>	<u>108,776</u>	<u>2,496</u>
<u>EXPENDITURES</u>				
Current				
General government	<u>2,100</u>	<u>2,100</u>	<u>1,085</u>	<u>1,015</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	118,450	104,180	107,691	3,511
<u>OTHER FINANCING USES</u>				
Operating transfers out	(160,000)	(160,000)	(120,000)	40,000
<u>NET CHANGE IN FUND BALANCE</u>	(41,550)	(55,820)	(12,309)	43,511
<u>FUND BALANCE</u> , beginning of year	<u>106,344</u>	<u>81,489</u>	<u>81,489</u>	-
<u>FUND BALANCE</u> , end of year	<u>\$ 64,794</u>	<u>\$ 25,669</u>	<u>\$ 69,180</u>	<u>\$43,511</u>

See notes to budgetary comparison schedules.

TOWN OF WASHINGTON, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
LIBRARY FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 9,200	\$ 9,200	\$ 9,215	\$ 15
Charges for services	-	-	-	-
Miscellaneous	<u>57,600</u>	<u>82,950</u>	<u>84,760</u>	<u>1,810</u>
<u>Total revenues</u>	<u>66,800</u>	<u>92,150</u>	<u>93,975</u>	<u>1,825</u>
<b><u>EXPENDITURES</u></b>				
Current				
General government	95,500	107,850	96,851	10,999
Culture and recreation	39,550	51,750	52,235	(485)
Capital outlay	<u>3,000</u>	<u>18,000</u>	<u>17,363</u>	<u>637</u>
<u>Total expenditures</u>	<u>138,050</u>	<u>177,600</u>	<u>166,449</u>	<u>11,151</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE</u></b>	(71,250)	(85,450)	(72,474)	12,976
<b><u>OTHER FINANCING SOURCES</u></b>				
Operating transfers in	<u>78,000</u>	<u>78,000</u>	<u>75,908</u>	<u>(2,092)</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	6,750	(7,450)	3,434	10,884
<b><u>FUND BALANCE, beginning of year</u></b>	<u>428</u>	<u>31,212</u>	<u>31,212</u>	<u>-</u>
<b><u>FUND BALANCE, end of year</u></b>	<u>\$ 7,178</u>	<u>\$ 23,762</u>	<u>\$ 34,646</u>	<u>\$10,884</u>

See notes to budgetary comparison schedules.

TOWN OF WASHINGTON, LOUISIANA  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
JUNE 30, 2007

NOTE (1) BUDGETS AND BUDGETARY ACCOUNTING

The Town of Washington uses the following budget practices:

1. Prior to July 1, the department heads submit to the Town a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. Any amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budgeted appropriations lapse at year-end. All budgeted amounts presented reflect the original budget and the final budget (which has been adjusted for legally authorized revisions during the year).

OTHER SUPPLEMENTARY INFORMATION  
(OPTIONAL)

TOWN OF WASHINGTON, LOUISIANA  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Cemetery</u> <u>Fund</u>	<u>LCDBG</u> <u>Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ <u>20,092</u>	\$ <u>    </u>	\$ <u>20,092</u>
<u>Total assets</u>	\$ <u>20,092</u>	\$ <u>    </u>	\$ <u>20,092</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Cash overdraft			
Accounts payable and accrued expenditures	\$ <u>    </u>	\$ <u>  9  </u>	\$ <u>  9  </u>
<u>Total liabilities</u>	<u>    </u>	<u>  9  </u>	<u>  9  </u>
<u>FUND BALANCES</u>			
Unreserved, undesignated	<u>20,092</u>	<u>  (9)  </u>	<u>20,083</u>
<u>Total fund balances</u>	<u>20,092</u>	<u>  (9)  </u>	<u>20,083</u>
<u>Total liabilities and fund balances</u>	\$ <u>20,092</u>	\$ <u>    </u>	\$ <u>20,092</u>



TOWN OF WASHINGTON, LOUISIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Cemetery</u> <u>Fund</u>	<u>LCDBG</u> <u>Fund</u>	<u>Total</u>
<u>REVENUES</u>			
Intergovernmental	\$ -	\$60,749	\$60,749
Charges for services	<u>11,475</u>	<u>-</u>	<u>11,475</u>
<u>Total revenues</u>	<u>11,475</u>	<u>60,749</u>	<u>72,224</u>
<u>EXPENDITURES</u>			
Current			
General government	835	44	879
Capital outlay	<u>-</u>	<u>71,062</u>	<u>71,062</u>
<u>Total expenditures</u>	<u>835</u>	<u>71,106</u>	<u>71,941</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u> <u>OVER (UNDER) EXPENDITURES</u>	<u>10,640</u>	<u>(10,357)</u>	<u>283</u>
<u>OTHER FINANCING SOURCES</u>			
Operating transfers in	<u>185</u>	<u>10,348</u>	<u>10,533</u>
<u>Total other financing sources</u>	<u>185</u>	<u>10,348</u>	<u>10,533</u>
<u>NET CHANGE IN FUND BALANCES</u>	10,825	(9)	10,816
<u>FUND BALANCE, beginning of year</u>	<u>9,267</u>	<u>-</u>	<u>9,267</u>
<u>FUND BALANCE, end of year</u>	<u>\$20,092</u>	<u>\$ (9)</u>	<u>\$20,083</u>

COMPLIANCE AND INTERNAL CONTROL

# VIGE, TUJAGUE & NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET  
P. O. BOX 1006  
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.  
FRANK G. TUJAGUE, C.P.A.  
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:  
337-457-9324  
FAX:  
337-457-8743

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of  
Aldermen/Alderwomen  
Town of Washington, Louisiana

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate fund information of the Town of Washington as of and for the year ended June 30, 2007, which collectively comprise the Town of Washington's basic financial statements and have issued our report thereon dated December 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Washington's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Washington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Washington's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Significant deficiencies are described in the accompanying schedule of findings and questioned costs as items #2007-1 through #2007-2.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Washington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item #2007-1 and #2007-2.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities, and others within the entity. It is not intended to be and should not be used by anyone other than these specified parties.

*Vige, Tujague & Noël*

Vige, Tujague & Noël, CPA's  
December 21, 2007

TOWN OF WASHINGTON, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

We have audited the financial statements of Town of Washington, Louisiana as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2007, resulted in a qualified opinion for the governmental activities and unqualified opinions for all other opinion units.

**Section I. Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses \_\_\_ Yes X No Significant Deficiencies X Yes \_\_\_ No

Compliance

Compliance Material to Financial Statement X Yes \_\_\_ No

**Section II. Financial Statement Findings**

2007-1 Segregation of Duties

Finding:

The Town does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation:

Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response:

The Town will consider how it can possibly strengthen its segregation of duties with present employees. However, the Town believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

2007-2      Personnel Records

Finding:

During our examination of payroll and personnel records we found that these records were not complete. The files contained no written approved documentation of pay rates and compensated absences for Town employees.

Recommendation:

We recommend that the Town maintain a file on each employee that contains documentation of the employee's approved pay rates.

Response:

The Town made new files for all Town employees and is in the process of updating its personnel files.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Prior Years Findings  
Year Ended June 30, 2007

Section I. Internal Control and Compliance Material to the Financial Statements

2006-1 Segregation of Duties

Finding:

The Town does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation:

Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status:

This finding is repeated for June 30, 2007.

2006-2 Failure to Submit Audit in a Timely Manner

Finding:

Financial Statements were not submitted to the Legislative Auditor by December 31, 2006.

Recommendation:

We recommend that the Town prepare and provide the necessary information in a timely manner to insure that the financial statements are submitted on time.

Current Status:

This finding was cleared for June 30, 2007.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Prior Years Findings  
Year Ended June 30, 2007

2006-3 Lack of Written Policies and Procedures

Finding:

The Town's written policies and procedures are not complete. The Town should develop and adopt policies in the following areas: purchasing/procurement, accounting, investments, capital assets, etc.

Recommendation:

Written policies and procedures should be developed, adopted, and implemented.

Current Status:

This finding was cleared for June 30, 2007.

2006-4 Personnel Records

Finding:

During our examination of payroll and personnel records we found that these records were not complete. The files contained no current W-4's, I-9's or written approved documentation of pay rates and compensated absences for Town employees.

Recommendation:

We recommend that the Town maintain a file on each employee that contains (1) documentation of the employee's approved pay rates; (2) a completed I-9- U.S. Department of Justice Immigration and Naturalization Services "Employment Eligibility Verification" for all employees hired after November 6, 1986; and (3) current federal and state income tax withholding forms (Forms W-4 and L-4).

Current Status:

This finding was repeated for June 30, 2007. The Town has made an attempt to correct employee files; however, files are still lacking the documentation of pay rates.

Section II. Federal Award Findings and Questioned Costs

Not applicable.

Section III. Management Letter

Not applicable.



December 21, 2007

Vige , Tujague & Noel, CPA's  
P.O. Box 1006  
Eunice, LA 70535

Re: Management Response

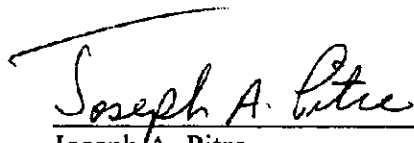
The following is our responses to your recommendations we received in the Town of Washington's financial statements as of June 30, 2007.

2007-1 Segregation of Duties

The Town will consider how it can possibly strengthen its segregation of duties with present employees. However, the Town believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

2007-2 Personnel Records

The Town made new files for all Town employees and is in the process of updating its personnel files to include pay rates.

  
\_\_\_\_\_  
Joseph A. Pitre